

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Murray Analyst: Jeani Brent Bill Number: SB 1817

Related Bills: See Prior Analysis Telephone: 845-3410 Amended Date: 05/16/2000

Attorney: Patrick Kusiak Sponsor:

SUBJECT: Internet Service Provider Connection and Access Device Credit/FTB Report to Legislature Regarding Credit

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as amended

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO

X REMAINDER OF PREVIOUS ANALYSES OF BILL AS INTRODUCED 02/24/2000 AND AMENDED 03/27/2000 STILL APPLY.

OTHER - See comments below.

SUMMARY OF BILL

Under the Personal Income Tax Law (PITL) and the Bank and Corporation Tax Law (B&CTL), this bill would provide a credit of \$200 to any Internet service provider that provides an Internet connection, at least one year of Internet access, and a personal computer to a low-income household.

The bill also would require the department to report to a legislative committee the amount of credit claimed and the number, type, income level, and industry classification of taxpayers claiming the credit.

SUMMARY OF AMENDMENT

The May 16, 2000, amendments resolved the department's policy and implementation concerns by doing the following:

- Specifying that the provider would be allowed the \$200 credit only one time/one year for each household;
- Changing the period over which the taxpayer must provide Internet access from five years to one year.
- Defining "Internet connection" specifically to mean the dial-up access; and
- Limiting the carryover period to 10 years.

Except for the implementation considerations, which are resolved, and the issues discussed in this analysis, the remainder of the department's analyses of the bill as introduced February 24, 2000, and as amended March 27, 2000, still apply. A new technical consideration is included below with a revenue discussion of the May 16, 2000, amendments.

Board Position:

<u> </u> S	<u> </u> NA	<u> </u> NP
<u> </u> SA	<u> </u> O	<u> </u> NAR
<u> </u> N	<u> </u> OUA	<u> X </u> PENDING

Legislative Director

Date

Johnnie Lou Rosas

6/5/00

TECHNICAL CONSIDERATIONS

The attached amendments would resolve the various typographical errors that appear in the May 16, 2000, amendments.

TAX REVENUE ESTIMATE

The amendments are considered to be insignificant for purposes of the revenue estimate because of the range in costs for Internet connections along with various free Internet providers available to Internet users. Therefore, the previous revenue impact of minor loss (less than \$500,000 annually) in the department's analysis of the bill as amended March 27, 2000, still applies.

BOARD POSITION

Pending.

Analyst	Jeani Brent
Telephone #	845-3410
Attorney	Patrick Kusiak

FRANCHISE TAX BOARD'S
PROPOSED AMENDMENTS TO SB 1817
As Amended May 16, 2000

AMENDMENT 1

On page 3, line 16, strikeout "the" and insert:

a

AMENDMENT 2

On page 3, line 37, strikeout "Personal" and insert:

personal

AMENDMENT 3

On page 4, line 38, strikeout "an".

AMENDMENT 4

On page 5, line 4, strikeout "the".

AMENDMENT 5

On page 5, line 7, strikeout the second "the".

AMENDMENT 6

On page 5, line 8, strikeout "the" and insert:

a

AMENDMENT 7

On page 5, line 32, strikeout "of" and insert:

or

AMENDMENT 8

On page 6, modify lines 18 through 22, as follows:

type, and income level of taxpayers claiming the credits.

~~_____ (h)~~ The Franchise Tax Board shall also report the industry classifications of corporate taxpayers claiming the credits. ~~This~~

(h) This section shall remain in effect only until December 1, 2006, and as of that date is repealed.